



SPECIAL COUNCIL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON 25TH SEPTEMBER 2013 AT 5.00PM

PRESENT:

Councillor D. M. Gray - Mayor
Councillor D.G. Carter- Deputy Mayor

Councillors:

Miss. L. Ackerman, M. Adams, Mrs. E.M. Aldworth, H.A. Andrews, Mrs. K.R. Baker, Mrs. G. Bevan J. Bevan, P.J. Bevan, L. Binding, Mrs. A. Blackman, D. Bolter, Mrs. P. Cook, C.J. Cuss, H.W. David, H.R. Davies, D.T. Davies, R.T. Davies, K. Dawson, N. Dix, C. Durham, C. Elsbury, Mrs. C. Forehead, Ms E. E. Forehead, J.E. Fussell, L. Gardiner, N. George, C.J. Gordon, R.W. Gough, Mrs. P. Griffiths, C. Hawker, A.G. Higgs, G.J. Hughes, K. James, M.P. James, G. Johnston, Ms. J.G. Jones, S. Kent, G. Kirby, Ms. P. Leonard, A. Lewis, K. Lloyd, C.P. Mann, S. Morgan, Mrs. G. Oliver, Mrs. R. Passmore, D.V. Poole, D.W.R. Preece, M.J. Prew, J. Pritchard, J.A. Pritchard, D. Rees, K.V. Reynolds, J.E. Roberts, R. Saralis, Mrs. M.E. Sargent, S. Skivens, Mrs. E. Stenner, Mrs. J. Summers, J. Taylor, L.G. Whittle, T.J. Williams, R. Woodyatt

Together with:-

S. Rosser (Interim Chief Executive), S. Aspinall (Acting Deputy Chief Executive), D. Street (Acting Director of Social Services), N. Scammell (Acting Director of Corporate Services), G. Williams (Monitoring Officer/Principal Solicitor), J. Jones (Democratic Services Manager) and A. Southcombe (Finance Manager Corporate Finance)

Also: -

A. Morris (Wales Audit Office), Ms N. Jenkins (Wales Audit Office) and Ms L. Pamment (PricewaterhouseCoopers)

E. Sullivan (Democratic Services Officer)

1. APOLOGIES

Apologies for absence were received from Councillors A.P. Angel, W. David, Mrs. D. Ellis, Mrs. J. Gale, D.T. Hardacre, D. Havard, Mrs. B.A. Jones, G. Jones and Mrs. D. Price.

2. WELCOME

The Mayor welcomed Councillor Steven Skivens newly elected Member for the Penyrheol Ward to his first full Council meeting and congratulated him on his election success. Councillors H. Andrews, C.P. Mann and D. Rees joined the Mayor in welcoming Councillor Skivens on behalf of their respective parties.

3. DECLARATIONS OF INTEREST

Mrs G. Williams (Interim Monitoring Officer), Mrs S. Aspinall (Acting Deputy Chief Executive), Mr D. Street (Acting Director Social Services), Mrs N. Scammell (Acting Director Corporate Services) declared an interest in agenda item 3(5). Details are minuted with the respective item.

4. REPORTS OF OFFICERS

Consideration was given to the following reports.

5. FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

Consideration was given to the report which presented the Financial Accounts for the year ended 31st March 2013 and advised of two significant outstanding issues yet to be resolved with the Authority's External Auditors and requested that delegated powers be given to the Section 151 Officer and the Mayor to sign the Accounts by the deadline date of the 30th September 2013.

The Interim Chief Executive apologised for the lateness with which the report was delivered for Members' consideration and emphasised the specific requirement to have the document signed off by 30th September 2013.

The two outstanding issues concerned the valuation of the Council's dwellings and Senior Officer's pay. In terms of the valuation of dwellings Members were advised that this was a specific formula that required auditor approval and would not impact on financial loss or gains. The other matter requiring clarification related to the value of the unlawful expenditure in terms of Senior Officers' pay rises and the Annual Leave/Essential User buy out arrangements.

Members were advised that the final figures had just been received in this regard and the Acting Director of Corporate Services and Section 151 Officer confirmed that in terms of Senior Officer pay rises, the pay rises for the period 1st August 2012 to the 31st March 2013 would classify these payments as unlawful. These payments totalled £270,000. In relation to the Essential Car User and Annual Leave buy out, an amount of £218,000 would be classified as unlawful expenditure. This position would now be updated in the accounts and the adjustments reported to Council on the 8th October 2013.

Members were referred to the uncorrected misstatements highlighted in PWC's ISA 260 Report as detailed in Section 4.6 of the Officers report and the recommendations detailed in Section 9 of the Officer's Report.

Clarification was sought as to the amount of unlawful expenditure associated with the Annual Leave and Essential Car User buy out. The figure was confirmed as £218,563.00 and Members were assured that External Auditors had agreed and confirmed this as the final figure.

Members expressed their appreciation and thanks to the Acting Director of Corporate Services and the Finance Team for all their hard work in the preparation of the Financial Statements 2012/13.

It was moved and seconded that the recommendations in the report be approved. By show of hands this was unanimously agreed.

RESOLVED that: -

- (1) delegated powers be assigned to the Section 151 Officer and the Mayor to authorise the Financial Statements 2012/13 prior to submitting to Wales Audit Office;
- (2) the recommendation made by the Section 151 Officer in relation to the uncorrected misstatements detailed in Paragraph 4.6 of the Officer's report be noted and agreed.

6. AMENDMENT TO TREASURY MANAGEMENT STRATEGY

Consideration was given to the report, which sought approval for an amendment to the Authority's Annual Treasury Management Strategy.

The use of Call Accounts was outlined for information and Members noted that this facility would only be used to provide additional flexibility for the Treasury Management Team to deal with transactions on a daily basis and were not used for investment purposes. Reference was made to a previous report to Cabinet, which endorsed the use of Call Accounts and the removal of the current £5m limit on each of these accounts subject to its presentation to Council.

Council approval was now sought to bring back into use the Call Accounts with the Bank of Scotland and National Westminster Bank and to waive the limit of £5m on each account for transactions during the day.

Members fully discussed the report and the proposed amendment and clarification was sought with regard to the lifting of the £5m limit. Assurances were given that this was necessary in order to mitigate risks and safeguard the Authority's funds. The Acting Director of Corporate Services made it clear that all funds in these Accounts were transferred at the end of each day.

It was proposed and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that: -

Council agreed to bring back into use of Call Accounts with the Bank of Scotland and National Westminster Bank and to waive the limit of £5m on each account for transactions during the day.

7. ANNUAL IMPROVEMENT REPORT

Consideration was given the Annual Improvement Report issued by the Wales Audit Office.

Mr Alan Morris of the Wales Audit Office introduced the report and highlighted the key messages, positives, areas for improvement and weakness identified.

Each year, the Auditor General must report on how well Welsh Councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on this behalf by the Wales Audit Office, the report presents a picture of performance over the last year. The report is in three main sections, which cover Caerphilly County Borough Council's delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.

Overall the Auditor General had concluded that whilst the Council has made some service improvements, there are weaknesses in its self-evaluation arrangements, the pace of improvement is slow in some key priority areas and there are serious failings in its governance arrangements.

Ms Lynn Pamment outlined the scope and focus of the forthcoming inspection and the proposals for improvement were referenced. Members were advised of the timeframe for the submission of the formal response to the Annual Improvement Report and were encouraged to use this opportunity to comment on the reports findings.

The Interim Chief Executive thanked the Auditors for their hard work and requested that Members use the report as a platform to move forward in a positive, open and transparent way.

Clarification was sought in relation to Appendix 2 of the report and reference made to the list of Assembly Members for Caerphilly and the placement of Huw Lewis within the list. Further clarification was sought in relation to recommendation 3 on page 7 of the report and reference made to the data presented which seemed to relate to both current and previous financial years. Reference was also made to Page 26 of the report, which noted the Council's performance in relation to helping older people live at home to be the best in Wales in 2011-12, but also noted it as a sign of deterioration in performance in relation to the target set.

Mr Morris confirmed that figures would be verified and any errors addressed and advised that although the report dealt primarily with financial year 2011/12 more recent data had also been included in order to ensure that the report was as rounded and up to date as possible. Target setting and performance and the WAO remit in this regard was also clarified for Members information.

Members having fully considered the Wales Audit Office, Annual Improvement Report noted its content.

RESOLVED that the Wales Audit Office, Annual Improvement Report for Caerphilly County Borough Council 2013 be noted.

8. PROVISIONAL ASSESSMENT - A PRESENTATION BY THE INTERIM CHIEF EXECUTIVE

The presentation outlined the Interim Chief Executive's personal assessment of the current situation facing the Council, its impact and progress to be made from this point forward.

Members were assured that in terms of service provision, whether in Education, Social Services or Leisure Services this was still considered to be a good Authority.

The negative impact of the current situation on staff morale and public perception was recognised and the amount of work required to drive improvement forward was emphasised. The wider issues surrounding corporate governance were acknowledged and the importance of tackling issues head on highlighted. The need to use the findings of the Annual Improvement Report, Report in the Public Interest and Corporate Governance Inspection as vital platforms to launch change was recognised and Members were advised of the important role they would play in this process. Reference was made to the Corporate Governance Action Plan and the key actions required to strengthen and stabilise processes outlined.

In terms of the ongoing police investigation, reassurance were given that as soon as it was appropriate to do so information would be shared with staff and Members. Any internal disciplinary action taken would depend on and be led by the outcome of the police investigation. The importance of effective communication during any period of uncertainty was acknowledged and recent staff briefing sessions and bulletin emails were referenced. Reassurances were given that all possible communication resources would be utilised to ensure that information is shared as quickly as possible.

The key drivers for improvement were outlined and the individual and organisational responsibilities required in order to secure change were detailed. The difficulties faced by the Corporate Management Team were recognised and they were thanked for their hard work and commitment during a particularly difficult time. Reassurances were given that although the present management arrangements were not ideal the current structure did provide much needed stability, but this would need to be reviewed. In terms of his own commitment, Members were assured that this would continue for as long as Members deemed necessary.

In concluding the presentation the Interim Chief Executive acknowledged the mistakes made and did not dispute the resulting negative impact but emphasised the importance of getting back on to a solid footing that would enable the Authority to meet the challenging times ahead.

Members welcomed and noted the presentation and acknowledged the need to rebuild trust and respect and requested that public engagement remain central to any communication strategy going forward. Members noted that regular reports on the progress of the action plan would be made to Cabinet and the Audit Committee.

9. INTERIM CORPORATE MANGEMENT TEAM AND GOVERNANCE ARRANGEMENTS

S. Aspinall (Acting Deputy Chief Executive), G. Williams (Interim Monitoring Officer), N. Scammell (Acting Director of Corporate Services and Section 151 Officer), D. Street (Acting Director Social Services) declared an interest as they were directly affected by the report and left the Chamber when the report was discussed.

The report sought agreement from Council with regards to the interim arrangements currently in place for the Corporate Management Team and to consider the interim governance arrangements in place within the Authority.

In considering the report Members recognised the need to provide stability going forward.

It was proposed and seconded that the recommendations in the report be approved and by a show of hands this was unanimously agreed.

RESOLVED that: -

- (1) the extension of the interim arrangements for the Corporate Management Team be approved for a further six months, at which time they will be reviewed.
- (2) the extension of the interim arrangements to support the Council's review of governance processed across the Authority be approved for a further six months, at which time they will be reviewed.

Clarification was also sought in relation to the progress of the appointment to the Director of Social Services position. Members were advised that appointments process had been reinitiated and the Appointments Committee would be in a position to make an appointment by the end of October.

The meeting closed at 7:10pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 8th October 2013 they were signed by the Mayor.

MAYOR